

Message Text

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PAGE 01 LUXEMB 00353 100948Z
ACTION EUR-12

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UNCLAS LUXEMBOURG 0353

E. O. 11652: N/A
TAGS: EALR, EEWT, LU
SUBJECT: LUXEMBOURG-USSR TRADE AND STEEL INDUSTRY

1. IN RECENT VISIT TO STEEL MILL AND IRON MINE COMPLEX AT DIFFERDANDANGE OWNED BY ARBED GROUP, ECONOFFICER RAISED ISSUE OF TRADE WITH USSR. ARBED EXECUTIVES STATED THAT TRADE WAS DIMINISHING AFTER INITIAL SALES OWING TO CONDITIONS STIPULATED BY THE SOVIETS, ESPECIALLY THAT COMPANY MAKE PURCHASES IN USSR EQUIVALENT TO 10 PER CENT OF COMPANY'S EXPORT SALES. ORIGINAL UNDERSTANDING PROJECTED SALES BY ARBED OF US\$100 MILLION PER YEAR FOR THREE-YEAR PERIOD. THIS BUSINESS WAS TO BE DIVIDED APPROX. 60/40 PERCENT BY THE SIDMAR, BELGIUM, WORKS OWNED BY ARBED FOR STEEL SHEET AND BY ARBED LUXEMBOURG FOR VARIOUS BEAMS. ARBED MADE EVERY EFFORT TO FIND SUITABLE ITEMS FOR PURCHASE WITH LITTLE SUCCESS. TOOLS AND MACHINERY DELIVERED TO PORT OF ANTWERP FOR EUROPEAN CUSTOMERS PROVED TO BE OF TOO LOW QUALITY OR PRECISION TO BE USEFUL TO ARBED. COMPANY EVEN PURCHASED SEVERAL LADA AUTOMOBILES, IN EFFORT TO BOOST ITS IMPORTS BUT IT COULD NOT ACHIEVE QUOTA ESTABLISHED BY SOVIETS. PRICES FOR ARBED STEEL EXPORTS TO THE USSR WERE, IN FACT, VERY LOW, EVEN UNPROFITABLE, BUT THE BUSINESS DID HELP ON PRODUCTION RUNS AND EMPLOYMENT.

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2. TOTAL LUXEMBOURG-USSR TRADE FOR (A) 1974, (B) 1975, AND (C) 1976 IN MILLIONS OF FRANCS (US\$1 EQUALS 36 FRANCS APPROX.) WAS: IMPORTS (A) 86; (B) 49; (C) 72. EXPORTS: (A) 1734 (OF WHICH 1729 METAL PRODUCTS); (B) 750 (OF WHICH 740 METAL PRODUCTS); (C) 691 (OF WHICH 668 METAL PRODUCTS). THE NOMINAL IMPORTS WERE PRIMARILY MINERALS, METALS AND LUMBER. GINN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Sent Date: 10-May-1977 12:00:00 am
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Disposition Approved on Date:
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Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
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